

So Ordered.

Dated: July 21st, 2016



*Frederick P. Corbit*  
Frederick P. Corbit  
Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON

In re ...

**NORTHWEST HEALTH SYSTEMS,  
INC.,**

Debtor.

No. **15-02968-FPC11**  
Chapter 11

**FINDINGS OF FACT AND  
CONCLUSIONS OF LAW RE:  
CONFIRMATION OF PLAN OF  
REORGANIZATION**

This matter came on for hearing upon the Plan of Reorganization that was filed by Northwest Health Systems, Inc. ("NWHS") on March 31, 2016. The Court considered the comments of counsel, and the records and files herein, including the following:

- First Order Authorizing Rejection of Executory Contracts [*Dkt. No. 108*];
- Second Order Authorizing Rejection of Executory Contracts [*Dkt. No. 109*];

- 1       ▪   Order: (1) Authorizing Sale Of Assets Free And Clear Of Liens, Claims,  
2       Encumbrances, And Other Interests Pursuant To 11 U.S.C. § 363;  
3       (2) Authorizing Assumption And Assignment Of Executory Contracts  
4       And Unexpired Leases; (3) Granting Related Relief; And (4) Shortening  
5       Time *[Dkt. No. 252]*;
- 6       ▪   Disclosure Statement *[Dkt. No. 317]* (the “Disclosure Statement”);
- 7       ▪   Plan Of Reorganization *[Dkt. No. 318]* (the “Plan”);
- 8       ▪   Notice Of Filing Of Written Disclosure Statement And Proposed Plan Of  
9       Reorganization *[Dkt. No. 320]*;
- 10      ▪   Notice Of Hearing Re: Approval Of Disclosure Statement *[Dkt. No.*  
11      *330]*;
- 12      ▪   Order Authorizing Assumption And Rejection Of Executory Contracts  
13      And Unexpired Leases *[Dkt. No. 335]*;
- 14      ▪   Memorandum In Support Of Approval Of Disclosure Statement *[Dkt.*  
15      *No. 336]*;
- 16      ▪   Order Approving Disclosure Statement And Setting Confirmation  
17      Hearing *[Dkt. No. 341]* (the “Order Approving Disclosure Statement”);
- 18      ▪   Supplement To Disclosure Statement And Plan Of Reorganization Re:  
19      Executory Contracts And Unexpired Leases *[Dkt. No. 355]*;
- 20      ▪   Declaration Of Barry W. Davidson Re: 1) Supplement To Disclosure  
21      Statement And Plan of Reorganization; And 2) Revised Exhibits To  
22      Disclosure Statement: a. Exhibit A – Schedule Of Secured Claims;  
23      b. Exhibit B – Schedule Of Priority Tax Claims; c. Exhibit C – Schedule  
24      Of Priority Wage Claims; d. Exhibit D – Schedule Of Unsecured Claims;  
25      e. Exhibit F – Liquidation Analysis *[Dkt. No. 356]*;
- Notice Of Approval Of Disclosure Statement, And Matters Relating To  
      Confirmation Of Plan *[Dkt. No. 357]*;

- 1           ▪     Certificate Of Service [Via First Class U.S. Mail] [Dkt. No. 358];
- 2           ▪     Report Of Balloting [Dkt. No. 388];
- 3           ▪     Order Authorizing Change Of Ballot [Dkt. No. 396];
- 4           ▪     Motion For Order Temporarily Allowing Claim of McKesson Medical-
- 5                 Surgical Minnesota Supply, Inc. [Dkt. No. 401];
- 6           ▪     Amended Report Of Balloting [Dkt. No. 405];
- 7           ▪     Declaration Of Kevin D. King In Support Of Confirmation Of Plan Of
- 8                 Reorganization [Dkt. No. 406] (the “Declaration of King”); and
- 9           ▪     Memorandum In Support Of Confirmation Of Plan Of Reorganization
- 10                [Dkt. No. 407];

12           Based on the foregoing, the Court enters the following FINDINGS OF FACT:

- 13           1.     NWHS filed a Disclosure Statement and Plan on March 31, 2016.
- 14           2.     On May 19, 2016, following appropriate motion and notice, the Court entered
- 15                 the Order Approving Disclosure Statement.
- 16           3.     NWHS transmitted the Order Approving Disclosure Statement, Disclosure
- 17                 Statement, the Plan, and related materials to the Master Mailing List on June 8, 2016.
- 18           4.     Similar claims are classified appropriately in each class. The Plan provides
- 19                 the same treatment for each claim or interest within a particular class.
- 20           5.     NWHS did not solicit acceptances or rejections of the Plan except as
- 21                 authorized by the Order Approving Disclosure Statement.
- 22
- 23
- 24
- 25

1           6.     The Plan provides for payment of the balance of any allowed priority non-tax  
2 claims on the Effective Date of the Plan. Allowed priority tax claims shall receive full  
3 payment of such claims on the effective date of the Plan.  
4

5           7.     The Plan has been proposed in good faith and not by any means forbidden by  
6 law.  
7

8           8.     The compensation of Davidson Backman Medeiros PLLC and Anastasi,  
9 Moore & Martin, PLLC for services rendered through the confirmation date will be subject  
10 to Court approval after notice and hearing. Davidson Backman Medeiros PLLC and  
11 Anastasi, Moore & Martin, PLLC will be employed after confirmation at their normal and  
12 usual hourly rates, plus reimbursement for expenses.  
13

14           9.     NWHS will take all actions that are needed to implement the terms of the  
15 Plan, and will then close this case. There will be no insiders employed, retained, or  
16 compensated by NWHS after confirmation, although Mr. Kevin D. King will continue to  
17 serve as an officer of NWHS to implement the Plan.  
18

19           10.    The Plan provides for no rate changes after confirmation of the Plan with any  
20 governmental regulatory commission with jurisdiction over the rates of NWHS.  
21

22           11.    Class 3 is impaired. All ballots cast by Class 3 claimants were votes for  
23 acceptance of the Plan.  
24  
25

1           12. As evidenced by the Declaration of King and the Liquidation Analysis  
2 attached to the Disclosure Statement, creditors will receive a greater distribution under the  
3 Plan than creditors would receive if the assets of NWHS were liquidated by a Chapter 7  
4 Trustee or by any other means.

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6           13. The Plan provides for the liquidation of the assets of the bankruptcy estate of  
7 NWHS and the distribution of funds to the holders of Allowed Claims in accordance with  
8 their statutory priority. There will be no need for further financial reorganization.  
9

10           14. The Plan provides for payment of administrative claims upon allowance by  
11 the Court.  
12

13           15. The Plan provides for payment of all U.S. Trustee fees when due, through the  
14 closing of the case.

15           16. All NWHS contributions to employee benefit plans have been paid. The  
16 NWHS 401k Plan has been terminated. The participants will receive their final statement  
17 after the end of this calendar quarter. NWHS has no remaining retiree benefits.  
18

19           17. No objections to confirmation of the Plan were filed.

20           Based on the foregoing FINDINGS OF FACT, the Court enters the following  
21 CONCLUSIONS OF LAW:  
22

23           1. The Plan has been accepted in writing by the creditors and equity security  
24 holders whose acceptance is required by law; and  
25

1           2.     The provisions of Chapter 11 have been complied with; the Plan has been  
2 proposed in good faith and not by means forbidden by law; and

3  
4           3.     Each holder of a claim or interest has accepted the Plan or will receive or  
5 retain under the Plan, property of a value, as of the Effective Date of the Plan, that is not less  
6 than the amount that such holder would receive or retain if NWHS was liquidated under  
7 Chapter 7 of the Code on such date, the Plan does not discriminate unfairly, and is fair and  
8 equitable with respect to each class of claims or interests that are impaired under the Plan;  
9 and  
10

11           4.     All payments made or promised by NWHS by a person issuing securities or  
12 acquiring property under the Plan or by any other person for services or for costs and  
13 expenses in, or in connection with, the Plan and incident to the case, have been fully  
14 disclosed to the Court and are reasonable or, if to be fixed after confirmation of the Plan,  
15 will be subject to approval of the Court; and  
16

17           5.     The identity, qualifications, and affiliations of the persons who are to be  
18 directors or officers, if any, of NWHS after confirmation of the Plan have been fully  
19 disclosed, and the appointment of such persons to such offices or the continued appointment  
20 of such persons to such offices, or their continuance therein, is equitable and consistent with  
21 the interests of the creditors and equity security holders and with public policy; and  
22

23           6.     The identity of any insider that will be employed or retained by NWHS and  
24  
25

1 their compensation has been fully disclosed; and

2 7. Confirmation of the Plan is not likely to be followed by the need for further  
3 financial reorganization of NWHS; and  
4

5 8. The Plan shall be substantially consummated pursuant to 11 U.S.C. § 1101(2)  
6 upon commencement of distributions under the Plan, upon full payment of all  
7 administrative expenses, and upon the conclusion of all contested matters.  
8

9 /// End of Order ///

10 Presented by:

11 DAVIDSON BACKMAN MEDEIROS PLLC  
12

13 /s/ Barry W. Davidson

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